

2010

# City of Rockland Maine Financial Statements June 30, 2010

Rockland, Me.

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***CITY OF ROCKLAND, MAINE***

***FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES***

***FOR THE YEAR  
ENDED JUNE 30, 2010***

**CITY OF ROCKLAND**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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**CITY OF ROCKLAND**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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***INDEPENDENT AUDITOR'S REPORT***

March 30, 2011

Members of the City Council  
City of Rockland  
Rockland, ME 04841

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Rockland, Maine as of and for the fiscal year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Rockland, Maine as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2011, on our consideration of the City of Rockland, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3-6 and 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rockland, Maine's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is not a required part of the basic financial statements of the City of Rockland, Maine. The combining and individual nonmajor fund financial statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully Submitted,

*James W. Wadman, CPA*

James W. Wadman, C.P.A.

**CITY OF ROCKLAND, MAINE**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2010**

Management of the City of Rockland, Maine provides this *Management's Discussion and Analysis* of the City's financial performance for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of the City of Rockland, Maine (the City) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

**FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT**

**Government-wide Highlights:**

*Net Assets* – The assets of the City exceeded its liabilities at fiscal year ending June 30, 2010 by \$22,470,050 (presented as “net assets”). Of this amount, \$6,661,370 was reported as “unrestricted net assets”. Unrestricted net assets represent the amount available to be used to meet the City's ongoing obligations to citizens and creditors.

*Changes in Net Assets* – The City's total net assets increased by \$1,496,308 (a 7.1% increase) for the fiscal year ended June 30, 2010. Net assets of governmental activities increased by \$1,379,785 (a 10.1% increase), while net assets of business-type activities showed an increase of \$116,523 (a 1.6% increase).

**Fund Highlights:**

*Governmental Funds* – Fund Balances – As of the close of the fiscal year ended June 30, 2010, the City's governmental funds reported a combined ending fund balance of \$6,271,763 with \$839,284 being general undesignated fund balance. This undesignated fund balance represents approximately 4.7% of the total general fund expenditures for the year.

**Long-term Debt:**

The City's total long-term debt obligations decreased by \$287,169 (2.6%) during the current fiscal year. New bonds were issued for \$434,900 and \$288,000 for capital improvement projects and a new general obligation note was issued for \$166,000 for the wastewater treatment plant project and a new lease was issued for \$249,788 for capital improvement project equipment. Existing debt obligations were retired according to schedule.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

**Government-wide Financial Statements**

The Government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The government-wide financial statements can be found on pages 10-11 of this report.

**Fund Financial Statements**

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources

measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

The notes to the financial statements can be found on pages 21-37 of this report.

#### **Required Supplementary Information**

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary).

Required supplementary information can be found on page 38 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Net Assets**

62.7% of the City's net assets reflect its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total 2010</b>	<b>Total 2009</b>
Current Assets	8,826,684	2,901,822	11,728,506	10,244,581
Capital Assets	14,507,924	12,554,709	27,062,633	26,478,279
<b>Total Assets</b>	<b>23,334,608</b>	<b>15,456,531</b>	<b>38,791,139</b>	<b>36,722,860</b>
Current Liabilities	2,847,758	2,845,514	5,693,272	4,570,952
Other Liabilities	5,468,379	5,159,438	10,627,817	11,178,166
<b>Total Liabilities</b>	<b>8,316,137</b>	<b>8,004,952</b>	<b>16,321,089</b>	<b>15,749,118</b>
<b>Net Assets:</b>				
Invested in Capital Assets	7,846,135	6,245,791	14,091,926	13,949,860
Restricted	910,463	806,291	1,716,754	1,247,640
Unrestricted	6,261,873	399,497	6,661,370	5,776,242
<b>Total Net Assets</b>	<b>15,018,471</b>	<b>7,451,579</b>	<b>22,470,050</b>	<b>20,973,742</b>
<b>Total Liabilities and Net Assets</b>	<b>23,334,608</b>	<b>15,456,531</b>	<b>38,791,139</b>	<b>36,722,860</b>

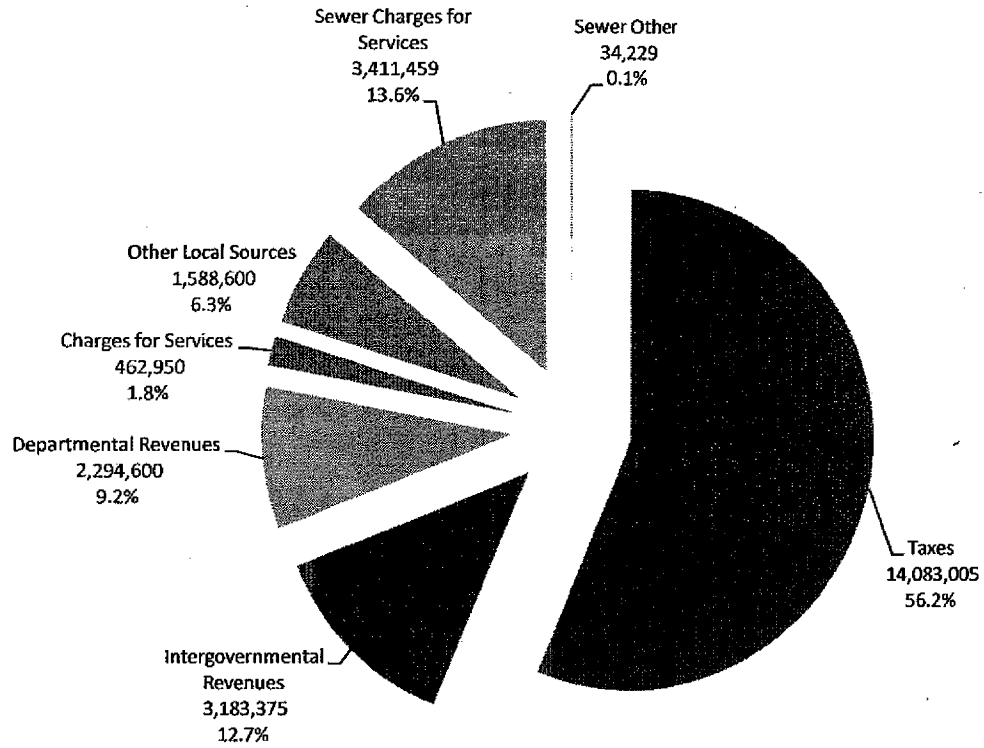


**Changes in Net Assets**

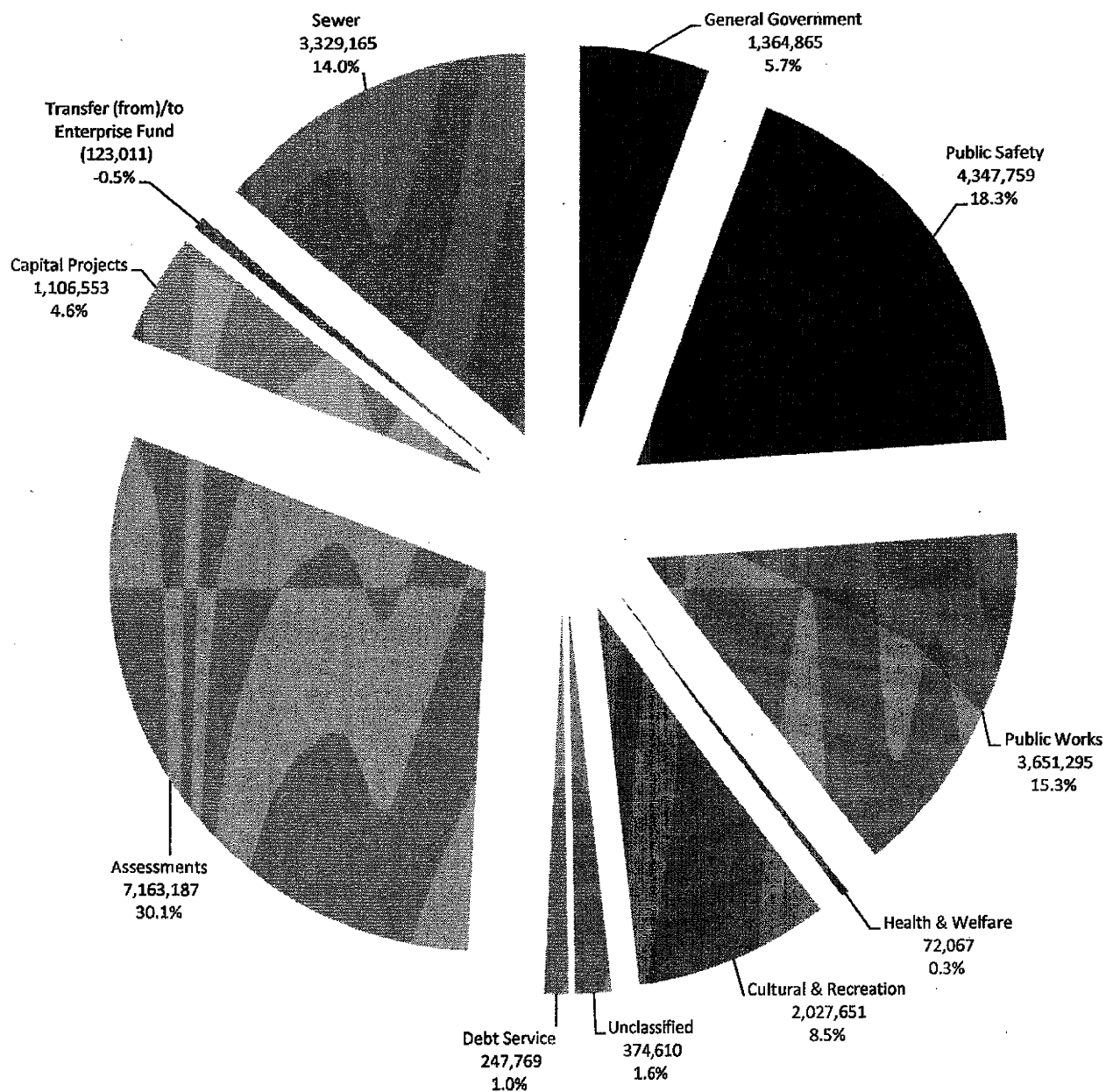
Approximately 56.2 percent of the City's total revenue came from property and excise taxes, approximately 12.7 percent came from State and Federal subsidies and grants, and approximately 31.1 percent came from services, investment earnings and other sources. Depreciation expense on the City's governmental activity assets represents \$2,081,233 of the total expenses for the fiscal year.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total 2010</b>	<b>Total 2009</b>
<b><i>Revenues:</i></b>				
Taxes	14,083,005		14,083,005	14,434,448
Intergovernmental Revenues	3,183,375		3,183,375	2,896,007
Departmental Revenues	2,294,600		2,294,600	2,141,433
Charges for Services	462,950	3,411,459	3,874,409	3,748,590
Other Local Sources	1,588,600	34,229	1,622,829	648,832
<b><i>Total</i></b>	<b>21,612,530</b>	<b>3,445,688</b>	<b>25,058,218</b>	<b>23,869,310</b>
<b><i>Expenses:</i></b>				
General Government	1,364,865		1,364,865	1,295,594
Public Safety	4,347,759		4,347,759	4,508,800
Public Works	3,651,295	3,179,165	6,830,460	6,872,568
Health & Welfare	72,067		72,067	76,361
Cultural & Recreation	2,027,651		2,027,651	1,298,829
Unclassified	374,610		374,610	422,951
City CIP Bond Issues	-		-	1,687
Debt Service	247,769		247,769	244,004
Assessments	7,163,187		7,163,187	7,528,517
Capital Projects	1,106,553		1,106,553	1,496,087
Transfer (from)/to Fiduciary Fund			-	-
Transfer (from)/to Enterprise Fund	(123,011)	150,000	26,989	(390,443)
Gain/(Loss) on Disposal of Assets	-		-	305,657
<b><i>Total</i></b>	<b>20,232,745</b>	<b>3,329,165</b>	<b>23,561,910</b>	<b>23,660,612</b>
<b><i>Changes in Net Assets</i></b>	<b>1,379,785</b>	<b>116,523</b>	<b>1,496,308</b>	<b>208,698</b>

## Revenues By Source - Governmental and Business-Type Activities



## Expenditures By Source - Governmental and Business Type Activities



## **FINANCIAL ANALYSIS OF THE CITY'S INDIVIDUAL FUNDS**

### **Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the City's governmental funds reported ending fund balances of \$6,271,763, an increase of \$1,216,507 in comparison with the prior year. Approximately 21.1 percent of this total amount constitutes undesignated fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$31,612 negative variance in property tax resulting from supplemental taxes of \$4,481 less a deferred property tax adjustment of (\$40,555) and a variance in the certificate of assessment of \$(4,462).
- \$40,448 positive variance in payment in lieu of taxes due to more non profits paying this amount.
- \$42,678 positive variance in FEMA reimbursement due to offsetting expenditures for the repairs from storm damage.
- \$17,621 positive variance in code enforcement due to an increase in building permits. There were two big building projects including Fisher Engineering.
- \$(19,180) negative variance in recreation due to the building being closed for renovations. Only off site activities could be run.
- \$217,236 positive variance in transfer station revenues due to an increase in C&D waste over budget. An active campaign to recycle prompted an increase in sales of recyclables for the city.
- \$67,017 positive variance in motor vehicle registration fees. This is the first year of the program and was not budgeted for in the current fiscal year.
- \$(90,054) negative variance in municipal revenue sharing due to an error in the education assessment and the reduction of revenue from the state.
- \$(90,118) negative variance in the Tillson redevelopment fund due to an error in budgeting.
- \$(61,483) negative variance in the finance department is due to the motor vehicle program starting mid-year and not budgeted for. The payments are made to finance department and revenues posted to vehicle registration fees.
- \$88,313 positive variance in the police department due to under staffing throughout the year and cut backs to offset the reduction in municipal revenue sharing.
- \$29,327 positive variance in the lights and hydrants department. Upgrades to the lights cut back on maintenance and reduced power usage as well.
- \$27,687 positive variance in the public works department due to a mild winter. There was less overtime, salt and fuel.
- \$(25,975) negative variance in the transfer station department due to sewer fees. The actual amount billed by the sewer department was two to three times the minimum each month.
- \$20,808 positive variance in the harbor and waterfront department due to cut backs in labor and maintenance. Electrical upgrades reduced cost for power.
- \$(18,801) negative variance in the municipal fish pier department. Damage to the pier was repaired and then reimbursed by Prock Marine in the revenues.

### **Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

### **CAPITAL ASSET ADMINISTRATION**

#### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities amounts to \$52,484,178, net of accumulated depreciation of \$25,421,544, leaving a net book value of \$27,062,634. Current year additions include \$33,071 for fire equipment, \$139,884 for an ambulance, \$29,700 for fish pier improvements, \$91,938 for public works equipment, \$38,076 for police car and computer, \$119,960 for transfer station equipment, \$269,059 for infrastructure paving, \$18,150 for the library roof, \$709,435 for recreation projects, \$136,816 for a wastewater infrastructure improvements and \$1,079,501 for construction work in process for the wastewater project.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Rockland, 270 Pleasant Street, Rockland, ME 04841.

**CITY OF ROCKLAND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

**Exhibit A**

<i>Assets</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Cash and Equivalents	2,049,707	4,140	2,053,847
Investments	2,785,163	1,390	2,786,553
Receivables			
Taxes	1,150,477		1,150,477
Tax Liens	221,353		221,353
Accounts	934,691	5,927	940,618
User Fees, net	245,517	649,830	895,347
Loans	798,009		798,009
Tax Acquired Property	50,028	656	50,684
Prepaid Expenses	233,270		233,270
Due from Other Governments	358,469	2,239,879	2,598,348
Capital Assets:			
Land	761,671	1,102	762,773
Other Capital Assets, Net of Depreciation	13,746,253	11,331,007	25,077,260
Construction Work In Process		1,222,600	1,222,600
<b>Total Assets</b>	<b>23,334,608</b>	<b>15,456,531</b>	<b>38,791,139</b>
<i>Liabilities and Net Assets</i>			
Liabilities			
Accounts Payable	547,778	117,539	665,317
Payroll Taxes / Deductions	58,124		58,124
Prepaid Taxes	57,385		57,385
Deposits Payable	4,902		4,902
Compensated Absences Payable	940,934	85,286	1,026,220
Accrued Salaries	45,225	6,721	51,946
Accrued Interest Payable		27,619	27,619
Due to Other Governments		1,458,869	1,458,869
Long-term Liabilities:			
Due Within One Year	1,193,410	1,149,480	2,342,890
Due in More Than One Year	5,468,379	5,159,438	10,627,817
<b>Total Liabilities</b>	<b>8,316,137</b>	<b>8,004,952</b>	<b>16,321,089</b>
Net Assets			
Investment in Capital Assets, net of Related Debt	7,846,135	6,245,791	14,091,926
Restricted Net Assets	910,463	806,291	1,716,754
Unrestricted	6,261,873	399,497	6,661,370
<b>Total Net Assets</b>	<b>15,018,471</b>	<b>7,451,579</b>	<b>22,470,050</b>
<b>Total Liabilities and Net Assets</b>	<b>23,334,608</b>	<b>15,456,531</b>	<b>38,791,139</b>

The notes to financial statements are an integral part of this statement.

CITY OF ROCKLAND  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit B

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Total Governmental Activities</u>	<u>Total Business-like Activities</u>	<u>Total</u>
<u>Primary Government</u>						
<u>Governmental Activities</u>						
General Government	1,364,865	738,948		(625,917)		(625,917)
Public Safety	4,347,759	647,090	29,943	(3,670,726)		(3,670,726)
Public Works	3,651,295	1,565,760	8,250	(2,077,285)		(2,077,285)
Health & Welfare	72,067		128,570	56,503		56,503
Cultural & Recreation	2,027,651	397,844		(1,629,807)		(1,629,807)
Unclassified	374,610			(374,610)		(374,610)
Debt Service	247,769			(247,769)		(247,769)
Assessments	7,163,187			(7,163,187)		(7,163,187)
Capital Projects	1,106,553		1,993,831	887,278		887,278
<u>Total Governmental Activities</u>	<u>20,355,756</u>	<u>3,349,642</u>	<u>2,160,594</u>	<u>(14,845,520)</u>		<u>(14,845,520)</u>
<u>Business-type Activities:</u>						
Wastewater	3,179,165	3,411,459			232,294	232,294
<u>Total Business-type Activities</u>	<u>3,179,165</u>	<u>3,411,459</u>	<u>-</u>	<u>-</u>	<u>232,294</u>	<u>232,294</u>
<u>Total Primary Government</u>	<u>23,534,921</u>	<u>6,761,101</u>	<u>2,160,594</u>	<u>(14,845,520)</u>	<u>232,294</u>	<u>(14,613,226)</u>
<u>General Revenues:</u>						
Taxes						
Property				13,247,055		13,247,055
Auto Excise				835,950		835,950
Intergovernmental Revenues				1,146,090		1,146,090
Interest/Change in Fair Value				205,166		205,166
Other Local Sources				668,033	34,229	702,262
Transfers between Enterprise Fund				123,011	(150,000)	(26,989)
Gain/(Loss) on Disposal of Assets						-
<u>Total Revenues, Special Items and Transfers</u>				<u>16,225,305</u>	<u>(115,771)</u>	<u>16,109,534</u>
<u>Changes in Net Assets</u>				<u>1,379,785</u>	<u>116,523</u>	<u>1,496,308</u>
<u>Net Assets - Beginning</u>				<u>13,638,686</u>	<u>7,335,056</u>	<u>20,973,742</u>
<u>Net Assets - Ending</u>				<u>15,018,471</u>	<u>7,451,579</u>	<u>22,470,050</u>

The notes to financial statements are an integral part of this statement.

**CITY OF ROCKLAND**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

**Exhibit C**  
**Page 1 of 2**

<i>Assets</i>	<i>General Fund</i>	<i>Reserves Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Cash and Equivalents	1,323,957	542,111	183,639	2,049,707
Investments	173,586	1,657,691	953,886	2,785,163
Taxes Receivable	1,150,477			1,150,477
Tax Liens Receivable	221,353			221,353
Accounts Receivable	311,921		622,770	934,691
User Fees Receivable			245,517	245,517
Loans Receivable	789,694		8,315	798,009
Tax Acquired Property	50,028			50,028
Prepaid Expense	233,270			233,270
Due from Other Governments	18,657		339,812	358,469
Due from Other Funds	1,076,327	872,112	1,355,983	3,304,422
<b>Total Assets</b>	<b>5,349,270</b>	<b>3,071,914</b>	<b>3,709,922</b>	<b>12,131,106</b>
<b><i>Liabilities and Fund Balances</i></b>				
<b>Liabilities</b>				
Accounts Payable	144,572		403,206	547,778
Payroll Taxes/Deductions	58,124			58,124
Deferred Property Taxes	913,037			913,037
Deferred Revenues - Other	200,535		394	200,929
Prepaid Taxes	57,385			57,385
Due to Other Funds	2,959,254	626,390	491,544	4,077,188
Deposits Payable	4,902			4,902
<b>Total Liabilities</b>	<b>4,337,809</b>	<b>626,390</b>	<b>895,144</b>	<b>5,859,343</b>
<b><i>Fund Balances</i></b>				
<b>Reserved For:</b>				
Encumbrances	172,177			172,177
Endowments			304,742	304,742
Loans			605,721	605,721
<b>Unreserved</b>				
Designated for Subsequent Years' Expenditures		2,445,524	1,419,637	3,865,161
Undesignated	839,284		484,678	1,323,962
<b>Total Fund Balances</b>	<b>1,011,461</b>	<b>2,445,524</b>	<b>2,814,778</b>	<b>6,271,763</b>
<b>Total Liabilities and Fund Balances</b>	<b>5,349,270</b>	<b>3,071,914</b>	<b>3,709,922</b>	<b>12,131,106</b>

(Continued)



**CITY OF ROCKLAND**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

**Exhibit C**  
**Page 2 of 2**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balance	6,271,763
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$13,855,633	<u>14,507,924</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Deferred Revenue - Other	200,929
Deferred Taxes	<u>913,037</u>
	<u>1,113,966</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Interfund Payable	772,766
Bonds Payable	(5,308,044)
Accrued Compensated Absences	(986,159)
Capital Leases Payable	<u>(1,353,745)</u>
	<u>(6,875,182)</u>
Net Assets of Governmental Activities	<u><u>15,018,471</u></u>

The notes to financial statements are an integral part of this statement.

**CITY OF ROCKLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit D**  
**Page 1 of 2**

	<i>General Fund</i>	<i>Reserves Fund</i>	<i>Federal/State Programs</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues					
Taxes	14,042,449				14,042,449
Intergovernmental Revenues	316,534		2,023,774	843,067	3,183,375
Departmental Revenues	2,262,600				2,262,600
Interest	47,064	57,417	2,590	25,045	132,116
Change in Fair Value		42,983	2,165	27,902	73,050
Other Local Sources	330,471	178,236	715,476	548,903	1,773,086
Total Revenues	16,999,118	278,636	2,744,005	1,444,917	21,466,676
Expenditures					
General Government	1,301,252			-	1,301,252
Public Safety	3,916,130	13,205		253,428	4,182,763
Public Works	2,925,373				2,925,373
Health and Welfare	68,530	3,657		-	72,187
Culture and Recreation	1,183,789	9,822		709,435	1,903,046
Unclassified	252,161	98,607		23,842	374,610
Debt Service	1,128,068				1,128,068
Assessments	7,163,187				7,163,187
Capital Outlay				2,322,371	2,322,371
Total Expenditures	17,938,490	125,291		3,309,076	21,372,857
Excess of Revenues Over (Under) Expenditures	(939,372)	153,345		(1,864,159)	93,819
Other Financing Sources (Uses)					
Bond Proceeds				722,900	722,900
Capital Lease Proceeds				249,788	249,788
Transfers from Other Funds	1,435,157	301,414		496,532	2,233,103
Transfers to Other Funds	(404,707)	(175,453)		(1,502,943)	(2,083,103)
Total Other Financing Sources (Uses)	1,030,450	125,961		(33,723)	1,122,688
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	91,078	279,306		(1,897,882)	1,216,507
Fund Balance - July 1	920,383	2,166,218		1,968,655	5,055,256
Fund Balance - June 30	1,011,461	2,445,524		70,773	3,527,758

(Continued)

**CITY OF ROCKLAND**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit D**  
**Page 2 of 2**

Net change in fund balances - total governmental funds 1,216,507

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	1,449,272
Depreciation expense	(1,388,562)
	<u>60,710</u>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Interfund Transfers	(26,989)
Deferred Revenues - Other	105,298
Deferred Taxes	40,556
	<u>118,865</u>

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

New capital leases	(249,788)
New bonds	(722,900)
Capital lease obligation principal payments	305,330
General obligation bond principal payments	574,969
	<u>(92,389)</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued compensated absences	76,092
	<u>76,092</u>

Change in net assets of governmental activities 1,379,785

The notes to financial statements are an integral part of this statement.

**CITY OF ROCKLAND**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2010**

**Exhibit E**

	<b>Wastewater Enterprise</b>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and Equivalents	4,140
Investments	1,390
Invested with General Fund	1,739,879
Total Cash and Investments	1,745,409
Receivables	
User Fees, net	649,830
Accounts	6,583
Due From Other Governments	500,000
<b>Total Current Assets</b>	2,901,822
<b>Noncurrent Assets:</b>	
Capital Assets, net	12,554,709
<b>Total Noncurrent Assets</b>	12,554,709
<b>Total Assets</b>	15,456,531
<b>Liabilities and Fund Equity</b>	
<b>Liabilities</b>	
Accounts Payable	76,428
Retainage Payable	41,111
Accrued Salaries and Benefits	6,721
Accrued Compensated Absences	85,286
Accrued Interest Payable	27,619
Due to Other Governments	1,458,869
Bonds and Notes Payable	1,149,480
<b>Total Current Liabilities</b>	2,845,514
<b>Noncurrent Liabilities:</b>	
Bonds and Notes Payable	5,159,438
<b>Total Noncurrent Liabilities</b>	5,159,438
<b>Total Liabilities</b>	8,004,952
<b>Net Assets</b>	
Invested in Capital Assets, net of related debt	6,245,791
Retained Earnings	
Reserved	806,291
Unreserved - Undesignated	399,497
<b>Total Net Assets</b>	7,451,579
<b>Total Liabilities and Net Assets</b>	15,456,531

The notes to financial statements are an integral part of this statement.

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Proprietary Fund Types</u>
	<u>Wastewater</u>
	<u>Enterprise</u>
Operating Revenues:	
Industrial	2,225,517
Residential	688,100
Commercial	478,368
Sewer Reserve Capacity Fee	4,748
Interest - Late Penalties	14,726
Total Operating Revenues:	<u>3,411,459</u>
Operating Expenditures:	
Personnel	732,396
Contracted Services	1,087,937
Commodities	369,381
Equipment Repairs & Replacement	135,984
Capital Improvements Programs	16,601
Lease Payments	2,692
Depreciation and Amortization	692,671
Total Operating Expenditures	<u>3,037,662</u>
Net Operating Income	<u>373,797</u>
Nonoperating Revenues (Expenses)	
Interest Revenue	39
Change in Fair Value	32
Insurance Proceeds	16,755
Nonutility Income, net of expense	17,403
Transfer from/(to) other funds	(150,000)
Interest Expense	(141,503)
Total Nonoperating Revenue (Expenses)	<u>(257,274)</u>
Change in Net Assets	116,523
Total Net Assets - Beginning	<u>7,335,056</u>
Total Net Assets - Ending	<u><u>7,451,579</u></u>

The notes to financial statements are an integral part of this statement.

**CITY OF ROCKLAND**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit G**

	<u>Proprietary Fund Types</u>
	<u>Wastewater</u>
	<u>Enterprise</u>
<b>Cash Flows from Operating Activities</b>	
Received from Customers	3,411,459
Payments to Suppliers	(1,612,595)
Payments to Employees	(732,396)
Other Receipts (Payments)	(132,597)
	<hr/>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>933,871</b>
	<hr/>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of Capital Assets	(1,216,317)
Principal Paid on Capital Debt	(435,100)
Interest Paid on Capital Debt	(141,503)
	<hr/>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(1,792,920)</b>
	<hr/>
<b>Cash Flows from Investing Activities</b>	
Purchase of Investments	466,169
Interest and Dividends	71
	<hr/>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>466,240</b>
	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(392,809)</b>
	<hr/>
<b>Balances - beginning of the year</b>	<b>2,138,218</b>
	<hr/>
<b>Balances - end of the year</b>	<b>1,745,409</b>
	<hr/> <hr/>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>	
Net Operating Income (Loss)	373,797
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	692,671
(Increase) Decrease in Accounts Receivable	(88,004)
(Increase) Decrease in Due To/From Other Governments	(173,879)
Increase (Decrease) in Accrued Wages Payable	(8,657)
Increase (Decrease) in Accrued Interest Payable	(2,740)
Increase (Decrease) in Compensated Absences Payable	23,144
Increase (Decrease) in Accounts Payable	117,539
	<hr/>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>933,871</b>
	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

**CITY OF ROCKLAND**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2010**

**Exhibit H**

<i>Assets</i>	<i>Private Purpose Trust Funds</i>		<i>Total</i>
	<i>Rich Education Fund</i>	<i>Farwell Church Benevolent</i>	
Investments	56,430	6,406	62,836
<b>Total Assets</b>	<b>56,430</b>	<b>6,406</b>	<b>62,836</b>
<i>Liabilities and Fund Balances</i>			
Liabilities			
Due to Other Funds	8,000	244	8,244
<b>Total Liabilities</b>	<b>8,000</b>	<b>244</b>	<b>8,244</b>
<i>Net Assets</i>			
Net Assets			
Reserved for Endowment	27,000	5,000	32,000
Unreserved			
Designated for Subsequent Years' Expenditures	21,430	1,162	22,592
<b>Total Net Assets</b>	<b>48,430</b>	<b>6,162</b>	<b>54,592</b>
<b>Total Liabilities and Net Assets</b>	<b>56,430</b>	<b>6,406</b>	<b>62,836</b>

The notes to financial statements are an integral part of this statement.

**CITY OF ROCKLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit I**

	<i>Private Purpose Trust Funds</i>		
	<i>Rich Education Fund</i>	<i>Farwell Church Benevolent</i>	<i>Total</i>
<u>Additions</u>			
Fair Value Increases (Decreases)	1,663	189	1,852
Investment Income	1,446	164	1,610
Total Additions	3,109	353	3,462
<u>Reductions</u>			
Churches			-
Scholarships	3,000		3,000
Total Reductions	3,000	-	3,000
Changes in Net Assets	109	353	462
Net Assets - July 1	48,321	5,809	54,130
Net Assets - June 30	48,430	6,162	54,592

The notes to financial statements are an integral part of this statement.



**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Rockland have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Governmental Reporting Entity**

The City of Rockland operates under an elected Mayor/Council form of government. The City's major operations include public works, public safety, fire protection, health services, recreation and parks, and general administrative services.

For financial reporting purposes the City includes all organizations, functions and activities in its financial statements for which it exercises oversight responsibility. Oversight responsibility as defined by the Governmental Accounting Standards Board (GASB) includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

In addition to entities, which should be included within these financial statements, the City may enter into agreements with other governments for specific purposes. These agreements are referred to as joint ventures or jointly governed entities. The City participates in the following joint venture:

MUNICIPAL REVIEW COMMITTEE, INC. – The City has entered into an interlocal agreement with several municipalities, PERC, and Bangor Hydro for the long-term goal of handling the disposal of their present and projected volumes of nonhazardous municipal solid waste. The Corporation is administered by its board of directors elected from among Municipal Review Committee's membership by the charter municipalities. Operating revenues of the Corporation are allocated among municipalities on the basis of a weighted average of their share of actual tons of acceptable waste delivered to PERC each quarter and tons each municipality has guaranteed to be delivered to PERC. The City's equity interest for year 2009 is \$1,189,897. This figure has not been included as part of the City's financial statements.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. Fiduciary activities, whose resources are not available to finance the City's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and various intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***B. Government-wide and Fund Financial Statements (Continued)***

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, interdepartmental charges, and intergovernmental revenues are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The reserve fund accounts for monies received by the City for specific expenditures.

The City reports the following major proprietary fund:

The wastewater fund accounts for the activities of the wastewater operations. The City operates the wastewater collection system and related administrative costs.

Additionally, the City reports the following fund types:

Permanent funds account for monies held in trust by the City, the investment earnings from which may only be used for the operation of the program.

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Assets, Liabilities, and Net Assets or Fund Equity***

***1. Deposits and Investments***

Governmental Accounting Standards Statement No. 40 requires the disclosure of interest-rate risk, credit risk, and custodial risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City invests in short term repurchase obligations and short term investments held by a local banking institution. As a means of limiting its exposure credit risk, the City limits its investments to those authorized by Maine State Statutes, which authorize the City to make deposits/investments in insured commercial banks, insured credit unions, and direct debt securities of the United States Government unless such an investment is expressly prohibited by law. For an investment, custodial risk is the risk that in the event of the failure of the counter party the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As a means of limiting its exposure to custodial risk, the City requires that, at the time funds are invested, collateral for repurchase agreements be held in the City's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve.

***2. Receivables and Payables***

Transactions between funds that result in outstanding balances are reported as due to/from other funds.

Property taxes receivable not expected to be collected within 60 days from year end are classified as deferred revenue. At June 30, \$546,723 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 4, 2009 on property values assessed on April 1. Taxes were due in two installments due on September 30 and March 31, with interest at 9.0% beginning October 1 and April 1. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. The City has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

***3. Inventories***

Inventories are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

***4. Capital Assets***

Capital assets, which property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets or Fund Equity (Continued)**

**4. Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Infrastructure	18-77
Equipment	3-20

**5. Compensated Absences**

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave, holiday leave and comp time in the government-wide financial statements is recorded as an expense and liability of the fund as the benefits accrue to employees. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulated right to receive sick pay benefits.

**6. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Under State Law, no municipality can incur debt, which would cause its total outstanding debt, exclusive of debt incurred for school, storm or sanitary sewer, energy facilities, or municipal airports, to exceed 7.50% of its last full state valuation. A municipality may incur debt for schools not exceeding 10%, storm or sanitary sewers 7.50%, and municipal airports, water districts and special purpose districts 3% of its last full state valuation. In no event can the total debt exceed 15% of its last full valuation. Full state valuation is the valuation of taxable property as certified by the State Tax Assessor, adjusted to 100%.

At June 30, the City of Rockland is in compliance with the above requirements.

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Fund Equity/Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

General government revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the City's operations. Once adopted by the Council, transfers may be made by resolution from one line item to another. General Fund appropriations, except for capital expenditures, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. State statutes require balanced budgets but provide for the use of beginning fund balance to achieve that end.

At least 45 days prior to the beginning of each fiscal year, the City Manager shall submit to the Council a budget for the ensuing fiscal year. The budget is prepared by fund, municipal department and capital expenditures, and includes information on the past year, current year and requests for the ensuing fiscal year.

After public hearing, the City Council may increase or decrease any program or amount provided that no amendment shall increase the authorized expenditures to an amount greater than the total estimated income. The Council shall adopt the budget on or before the fifteenth day of the twelfth month of the current fiscal year. After adoption, the Council may amend the budget for supplemental appropriations from excess estimated revenues, emergency appropriations, and reduction or transfer of appropriations. Expenditures may not legally exceed budgeted appropriations.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward to supplement appropriations of the subsequent year.

The General Fund reserved for encumbrances at June 30 is detailed in Exhibit A-2 and totals \$172,177.

**B. Budget/GAAP Reconciliation**

The Statement of Revenues, Expenditures -Budget and Actual (Exhibit G) reconciles financial data on a budgetary basis for the government's general fund to the data shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit D). The differences are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

***A. Deposits and Investments***

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statute 5706 require banks to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the City in the amount of the City's deposits. The Statutes allow pledged securities to be reduced by the amount of Federal Deposit Insurance Corporation (FDIC).

One or more of the financial institutions holding the City's cash accounts are participating in the FDIC Transaction Account Guarantee Program. Under the program, all noninterest bearing checking accounts include demand deposit accounts and any transaction account that has unlimited withdrawals and cannot earn interest are fully guaranteed by the FDIC for the entire amount. Also through December 31, 2010, IOLTA accounts and NOW accounts that do not earn more than .25% interest are fully guaranteed by the FDIC for the entire amount as long as the depository institution participates in the Transaction Account Guarantee (TAG) program. For interest bearing accounts, the City's cash deposits, including certificates of deposits, are insured up to \$250,000 per custodian by the FDIC. Any cash deposits or certificates of deposits in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the City and thus no custodial risk exists.

At year-end, the government's carrying amount of deposits was \$2,053,847 and the bank balance was \$2,930,761. The bank balance is categorized according to credit risk as follows:

Category 1 - Insured by Federal depository or credit union insurance.

Category 2 - Collateralized with securities held by the pledging financial institution's trust Department or agent in the City's name.

Category 3 - Uninsured and uncollateralized.

	<i><b>Bank</b></i>	<i><b>Category</b></i>		
	<i><b>Balance</b></i>	<i><b>1</b></i>	<i><b>2</b></i>	<i><b>3</b></i>
Cash and Equivalents	<u>2,930,761</u>	<u>335,222</u>	<u>2,210,799</u>	<u>384,740</u>

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**B. Deposits and Investments (Continued)**

**Investments**

At June 30, 2010, the City's investments, maturities and credit ratings are as follows:

June 30, 2010							
Type	Fair Value	Maturities in Years				Credit Rating	
		Less Than 1	1-5	6-10	More than 10	S&P	Moody's
<b>General City:</b>							
Corporate Bonds	107,280		107,280			AAA	Aaa
Corporate Bonds	162,773		162,773			A	A2
Corporate Bonds	100,000	100,000				Not rated	Not rated
US Gov't Agency Obligations	598,125		598,125			AAA	Aaa
US Gov't Agency Obligations	325,173		325,173			AAA	-
US Gov't Agency Obligations	107,625			107,625		AA	Aa2
US Gov't Agency Obligations	269,973		269,973			AA-	Aa2
US Treasury Bonds and Notes	352,154		352,154			AAA	-
Mutual Funds	826,287	826,287				Not rated	Not rated
Total	2,849,390	926,287	1,545,425	107,625	-		

**Summary of Deposits and Investment Balances**

Following is a reconciliation of the City's deposit and investment balances as of June 30, 2010:

Deposits and Cash on Hand	\$ 2,053,847
Investments	\$ 2,849,389
	<u>\$ 4,903,236</u>

	Government-wide Statement of Net Assets	Business-Type Statement of Net Assets	Fiduciary Statement of Net Assets	Totals
Cash and Cash Equivalents	\$ 2,049,707	\$ 4,140	\$ -	\$ 2,053,847
Investments	\$ 2,785,163	\$ 1,390	\$ 62,836	\$ 2,849,389
	<u>\$ 4,834,870</u>	<u>\$ 5,530</u>	<u>\$ 62,836</u>	<u>\$ 4,903,236</u>

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**C. Property Taxes**

Property taxes were levied for the fiscal year as follows:

Assessed Value	757,031,500
Tax Rate (per \$1,000)	<u>17.20</u>
Commitment	<u>13,020,942</u>
Appropriations	18,371,703
Less:	
State Municipal Revenue Sharing	984,141
Estimated Revenues	4,123,066
BETE Reimbursement	81,781
Homestead Reimbursement	<u>161,773</u>
	<u>5,350,761</u>
Net Assessment for Commitment	<u>13,020,942</u>

Supplemental taxes totaling \$4,481 were committed for collection during the year. Uncollected taxes at June 30 for the current year commitment totaled \$925,745, which represents tax collection of 92.89% of current year commitment. Unpaid liens at June 30 totaled \$221,353.



**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**D. Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances at June 30, 2010, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	1,076,327	2,959,254
Special Revenue Funds:		
Reserves	872,112	626,390
Municipal Revenue Sharing		
Police Dare		2,189
Community Business Development	57,934	
Emergency Medical	1,164	326,051
CDBG Home Repair Network Grant	33,320	
CDBG Community Enterprise		86
Sandy Beach Project	1,786	
Recreation Center Project		21,929
CDBG Small Community Grant	8,150	
Department of Justice Grant	1,372	
Wellness Grant	506	
Green Downtown	21,500	
RCHP Scholarship Trust		2,425
Odor Study	2,819	
Police N.A.D.D.I. Grant	966	
Recreation Fund		10,560
Capital Project Funds		
CIP Projects	1,020,464	
Pump Station/CSO Project	206,002	
Permanent Funds		128,304
Fiduciary Funds		8,244
Wastewater Enterprise Fund	2,239,879	1,458,869
Totals	<u>5,544,301</u>	<u>5,544,301</u>

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. The majority of the above balances represent amounts owed in relation to continuing and future projects. The balances will be repaid upon need of those funds for those projects. \$245,722 represent appropriations to city reserves and will be repaid, along with other balances, during the next year.

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**E. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	761,671			761,671
<i>Capital assets being depreciated:</i>				
Buildings	5,816,709	18,150		5,834,859
Equipment	6,653,586	452,629	(143,171)	6,963,044
Infrastructure	13,825,490	978,494		14,803,984
<i>Total capital assets being depreciated</i>	26,295,785	1,449,273	(143,171)	27,601,887
<i>Less accumulated depreciation for:</i>				
Buildings	1,628,648	144,238		1,772,886
Equipment	3,270,807	602,706	(143,171)	3,730,342
Infrastructure	7,710,787	641,619		8,352,406
<i>Total accumulated depreciation:</i>	12,610,242	1,388,563	(143,171)	13,855,634
<i>Net capital assets being depreciated</i>	13,685,543	60,710	-	13,746,253
<b>Governmental Activities:</b>				
<i>Capital Assets, net</i>	14,447,214	60,710	-	14,507,924

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities**

General Government	70,611
Public Safety	265,863
Public Works, including general infrastructure assets	898,353
Culture and Recreation	153,736
<b>Total Depreciation Expense - Governmental Activities</b>	<b>1,388,563</b>

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**E. Capital Assets (continued)**

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<b><i>Business-type Activities:</i></b>				
<b><i>Capital assets not being depreciated:</i></b>				
Land	1,102			1,102
Construction Work in Process	143,100	1,079,501		1,222,601
<b><i>Capital assets being depreciated</i></b>				
Buildings	1,848,871			1,848,871
Equipment	635,007			635,007
Infrastructure	20,276,225	136,815		20,413,040
<b><i>Total capital assets being depreciated</i></b>	<b>22,760,103</b>	<b>136,815</b>	<b>-</b>	<b>22,896,918</b>
<b><i>Less accumulated depreciation for:</i></b>				
Buildings	361,697	73,955		435,652
Equipment	485,403	41,408		526,811
Infrastructure	10,026,140	577,308		10,603,448
<b><i>Total accumulated depreciation</i></b>	<b>10,873,240</b>	<b>692,671</b>	<b>-</b>	<b>11,565,911</b>
<b><i>Net capital assets being depreciated</i></b>	<b>11,886,863</b>	<b>(555,856)</b>	<b>-</b>	<b>11,331,007</b>
<b><i>Business-type Activities:</i></b>				
<b><i>Capital Assets, net</i></b>	<b>11,887,965</b>	<b>523,645</b>	<b>-</b>	<b>12,554,710</b>

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**F. Capital Leases**

The City is obligated under certain leases accounted for as capital leases. The related obligations are accounted for in Governmental Funds. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30:

<i>Year Ended June 30,</i>	<i>Minimum Lease Payment</i>
2011	438,619
2012	354,977
2013	354,976
2014	273,629
2015	56,457
	<hr/>
Total Minimum Lease Payments	1,478,658
Less: Amount Representing Interest	<u>(124,913)</u>
Present Value of Future Minimum Lease Payments	<u><u>1,353,745</u></u>

**G. Long-Term Debt**

**1. General Obligation Bonds and Notes**

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and notes currently outstanding are as follows:

<i>Purpose General Obligation</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Amount</i>
1995 City Hall Bonds	10/1/2015	5.2%-6.0%	150,000
1998 General Obligation Bonds	11/1/2013	4.528%-4.178%	229,891
1999 General Obligation Bonds	11/1/2014	4.039%-5.239%	291,000
2000 Paving Bond	11/1/2010	5.281%-5.406%	200,000
2003 Refinanced 1999 Sewer & CSO Bond	10/1/2018	1.550%	1,151,588
2006 Fire Truck	11/1/2021	1.85 - 6.0%	480,000
2006 CSO/Pump Station Upgrade	5/8/2032	1.550%	930,248
2007 CSO/Pump Station Upgrade	11/10/2026	1.1 - 5.3%	868,428
2008 Fire Truck	2/5/2023	4.440%	283,989
2010 Key Bank CIP Bond	11/4/2012	1.920%	288,000
2010 Key Bank CIP Bond	10/21/2015	1.920%	434,900
			<hr/>
			<u><u>5,308,044</u></u>

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**G. Long-Term Debt (continued)**

**I. General Obligation Bonds and Notes (continued)**

<i>Proprietary</i>	<i>Date</i>	<i>Rate</i>	<i>Amount</i>
1993 Declorination Bonds	10/1/2013	5.193%	46,000
1998 General Obligation Bonds	11/1/2013	4.528%-4.178%	16,509
2003 Refinanced 1999 Sewer & CSO Bond	10/1/2018	1.550%	3,346,801
2006 CSO/Pump Station Upgrade	5/8/2032	1.550%	1,084,148
2007 CSO/Pump Station Upgrade	11/10/2026	1.1 - 5.3%	1,019,460
2010 General Obligation Note	11/1/2011	2.150%	166,000
Total Proprietary Debt			<u>5,678,918</u>
Total Debt			<u>10,986,962</u>

Annual debt service requirements to maturity for general obligation bonds and notes including interest of \$2,618,503 are as follows:

<i>Year Ended June 30,</i>	<i>General Obligation Debt</i>	<i>Proprietary Debt</i>	<i>Total</i>
2011	980,843	651,867	1,632,710
2012	765,859	658,889	1,424,748
2013	608,057	567,828	1,175,885
2014	598,707	567,338	1,166,045
2015	532,791	551,249	1,084,040
2016-2020	1,632,351	2,371,192	4,003,543
2021-2025	860,002	808,163	1,668,165
2026-2030	471,970	551,265	1,023,235
2031-2033	197,232	229,862	427,094
Total	<u>6,647,812</u>	<u>6,957,653</u>	<u>13,605,465</u>

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**G. Long-Term Debt (Continued)**

**2. Changes in Long-Term Liabilities**

The following is a summary of long-term debt transactions of the City of Rockland for the fiscal year ended June 30, 2010:

	<b>General Obligation Debt</b>	<b>Proprietary Debt</b>	<b>Total</b>
<i>Long-term Debt payable July 1, 2009</i>	5,160,113	5,948,019	11,108,132
Debt Issued	722,900	166,000	888,900
Debt Retired	(574,969)	(435,101)	(1,010,070)
<i>Long-term Debt payable June 30, 2010</i>	<u>5,308,044</u>	<u>5,678,918</u>	<u>10,986,962</u>

**3. Overlapping Debt**

The City's proportionate share of debt of all local government units which provide services within the City's boundaries, and which must be borne by properties in the City is summarized as follows:

<b>Units</b>	<b>Net debt outstanding June 30, 2010</b>	<b>Percentage applicable to the Town</b>	<b>Town's proportionate share of debt</b>
Regional School Unit #13	5,643,245	34.34%	1,937,890
Knox County	-	10.92%	-
<b>Totals</b>	<u>5,643,245</u>		<u>1,937,890</u>

The City's proportionate share of the County and School District debt is paid through annual assessments by the respective units.

**4. Bond Anticipation Note**

The City approved a general obligation bond in the amount of \$2,250,000 on January 20, 2009 and a resolve was passed by the council on January 26, 2009 for the water pollution control facility. This is a temporary bond anticipation note and as of June 30, 2010 the wastewater fund has drawn down a balance of \$630,000. The outstanding balance is due 5/1/2011.

**5. Debt Authorized, Unissued**

The voters of the City of Rockland approved a municipal bond in the amount of \$2,834,478 on 11/4/09 for sewer, storm water and other capital improvements. As of 6/30/10 this remains authorized but unissued.

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**H. Permanent Funds**

The principal amount of all Non-expendable Trust Funds is restricted either by law or by terms of individual bequests in that only income earned may be expended. The government's Non-expendable and Expendable Trust Funds at June 30 are detailed as follows:

<i>Non-expendable</i>	<i>Principal</i>	<i>Income</i>
Cemetery Care	88,131	102,522
Haines Charity	57,581	202,541
Keywood Library	91,230	570
Leach Library	50,000	16,261
Cleveland/Bostick Library	10,000	1,191
Flower	1,000	5,542
Monroe Highway	200	5,115
Library	<u>6,600</u>	<u>1,361</u>
Total	<u>304,742</u>	<u>335,103</u>

**NOTE 4 - OTHER INFORMATION**

**A. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the government expects such amount, if any to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the government.

**B. Pension Plan**

**Plan Description**

The City's employees are covered under the ICMA or Maine Public Employees Retirement System. The ICMA is a qualified pension plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan is administered by an independent company, and the City remits all compensation deferred to this administrator for investment as requested by the participant employees. All compensation deferred and funded

**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 4 - OTHER INFORMATION (Continued)**

***B. Pension Plan (continued)***

***Plan Description (continued)***

under the plan, all investments purchased and all income attributable thereto are held in trust for the exclusive benefit of participants and their beneficiaries. The City participates in the Maine Public Employees Retirement System consolidated Plan for Participating Districts (Consolidated Plan) which is a cost sharing multiple-employer defined benefit pension plans.

The Maine Public Employees Retirement System (System) is a body corporate and politic and an incorporated public instrumentality of the State. Under Title 5 M.R.S.A. the System is the administrator of retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System issues a financial report that includes the financial statements and required supplementary information for the plans. That report may be obtained by writing to Maine Public Employees Retirement System, Two Central Plaza, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

***Funding Policy***

Under the ICMA plan, covered employees contribute 5% of their salary to the plan with the City contributing 5%. The City's contributions for the fiscal years ended June 30, 2008, 2009 and 2010, were \$80,810, \$71,626 and \$63,214 respectively, which were paid in full each year.

MPERS Consolidated Plan regular employees and police employees hired after 7/1/1997 are required to contribute 6.5% of their annual covered salary to the plan, with remaining fire and police employees contributing 8%. The City is required to contribute an actuarially determined rate. The current rate is 2.8% for regular employees, 5.3% for fire and police employees, and 4.0% for police employees hired after 7/1/1997, plus a monthly payment of \$104 for regular employees and \$327 for police and fire employees for its Initial Unfunded Unpooled Actuarial Liability (IUUAL). The contribution requirements of plan members and the City are established by the Maine Public Employees Retirement System Board of Trustees. The City's contributions to the Consolidated Plan for the years ended June 30, 2008, 2009 and 2010, were \$139,674, \$143,641 and \$140,770 respectively, which were paid in full each year.



**CITY OF ROCKLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 4 - OTHER INFORMATION (Continued)**

**C. Postemployment Healthcare Benefits**

The City sponsors a post-retirement benefit plan providing health insurance to retired employees who have 25 or more years of full-time service with the City and retire after July 1, 1997. Employees hired after July 1, 1997 are not eligible for this benefit. The City pays 25% of the retired employee's annualized health insurance premiums for the year, including health insurance for dependents for as long as the eligible employee is living. The City's cost for 2010 was \$31,110.

The City participates in the Maine Municipal Employees Health Trust for purposes of employee health benefits. Premiums paid for active employees contain an imputed subsidy for the benefit of retired employees. In accordance with Governmental Accounting Standards Board (GASB) Statement number 45, the City is required to disclose the Actuarial accrued liability and Annual Required Contribution (ARC) for the fiscal year ended June 30, 2010. These amounts are actuarially determined in accordance with the parameters of GASB Statement number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is recorded as an expense on the government-wide financial statements. The Actuarial accrued liability at June 30, 2010 is as follows:

Active Employees	\$493,776
Retirees and Spouses	\$301,207
Total	\$794,983

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<b>Revenues</b>				
Taxes	14,012,345	14,012,345	14,042,449	30,104
Intergovernmental Revenues	262,029	262,029	316,534	54,505
Departmental Revenues	2,013,294	2,013,294	2,262,600	249,306
Other Local Sources	247,123	247,123	377,535	130,412
<b>Total Revenues</b>	<u>16,534,791</u>	<u>16,534,791</u>	<u>16,999,118</u>	<u>464,327</u>
<b>Expenditures (Net of Departmental Revenues)</b>				
General Government	1,248,390	1,248,390	1,297,146	(48,756)
Public Safety	4,036,707	4,036,707	3,914,187	122,520
Public Works	2,927,085	2,927,085	2,925,373	1,712
Health and Welfare	57,385	57,385	68,530	(11,145)
Culture and Recreation	1,188,047	1,188,047	1,183,789	4,258
Unclassified	261,600	261,600	237,003	24,597
Debt Service	1,151,624	1,151,624	1,128,068	23,556
Assessments	7,282,635	7,282,635	7,163,187	119,448
<b>Total Expenditures</b>	<u>18,153,473</u>	<u>18,153,473</u>	<u>17,917,283</u>	<u>236,190</u>
<b>Excess Revenues Over Expenditures</b>	<u>(1,618,682)</u>	<u>(1,618,682)</u>	<u>(918,165)</u>	<u>700,517</u>
<b>Other Financing Sources</b>				
Transfers from Other Funds	1,615,329	1,615,329	1,435,157	(180,172)
Transfers to Other Funds	<u>(218,230)</u>	<u>(218,230)</u>	<u>(325,228)</u>	<u>(106,998)</u>
<b>Total Other Financing Sources</b>	<u>1,397,099</u>	<u>1,397,099</u>	<u>1,109,929</u>	<u>(287,170)</u>
<b>Net Change in Fund Balance</b>	<u>(221,583)</u>	<u>(221,583)</u>	<u>191,764</u>	<u>413,347</u>
<b>Beginning Fund Balances - Budgetary Basis</b>			<u>647,520</u>	
<b>Ending Fund Balances - Budgetary Basis</b>			839,284	
<b>Adjustments to Conform to GAAP:</b>				
Elimination of Encumbrances			<u>172,177</u>	
<b>Ending Fund Balances - GAAP Basis</b>			<u>1,011,461</u>	

**CITY OF ROCKLAND**  
**GENERAL FUND**  
**STATEMENT OF ESTIMATED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit A-1**  
**Page 1 of 2**

	<i>Budget</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Taxes			
Property	13,016,479	12,984,867	(31,612)
Auto Excise	808,866	835,950	27,084
Interest and Lien Charges	137,000	131,184	(5,816)
Payment in Lieu of Taxes	50,000	90,448	40,448
	<u>14,012,345</u>	<u>14,042,449</u>	<u>30,104</u>
Intergovernmental Revenues			
Welfare Reimbursement	7,500	13,511	6,011
Veterans Reimbursement	6,000	10,963	4,963
Tree Growth	4,300	5,262	962
Homestead Reimbursement	161,773	161,773	-
BETE Reimbursement	81,781	81,837	56
FEMA Reimbursement	-	42,678	42,678
Snowmobile Reimbursement	675	510	(165)
	<u>262,029</u>	<u>316,534</u>	<u>54,505</u>
Departmental Revenues			
Police	176,090	174,830	(1,260)
Fire	22,112	21,950	(162)
Emergency Medical		75	75
Assessment	500	160	(340)
Finance	-	2,693	2,693
Legal	1,720	4,990	3,270
Code Enforcement	51,500	69,121	17,621
Public Works	100,540	97,864	(2,676)
Fish Pier	115,352	122,426	7,074
Harbor and Waterfront	176,900	190,844	13,944
Library	53,200	54,034	834
Recreation	49,720	30,540	(19,180)
City Clerk	44,500	46,377	1,877
Community Development	2,500	10,800	8,300
Transfer Station	1,218,660	1,435,896	217,236
	<u>2,013,294</u>	<u>2,262,600</u>	<u>249,306</u>

**CITY OF ROCKLAND**  
**GENERAL FUND**  
**STATEMENT OF ESTIMATED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit A-1**  
**Page 2 of 2**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other Local Sources			
Interest on Investments	40,800	47,064	6,264
Interest on Accounts Receivable	3,000	9,699	6,699
Motor Vehicle Registration Fees		67,017	67,017
Camden and Rockport Water	8,000	9,620	1,620
Cable Franchise Fee	64,000	67,502	3,502
Photocopies	400	461	61
Workers Compensation Dividend		7,061	7,061
Administration Fee from Sewer	130,673	130,673	-
Fish Pier Insurance Proceeds		20,200	20,200
Van Baalen		6,426	6,426
MMBB Refund		11,253	11,253
Other	250	559	309
	<u>247,123</u>	<u>377,535</u>	<u>130,412</u>
Transfers and Other Sources			
Municipal Revenue Sharing	1,274,141	1,184,087	(90,054)
Emergency Medical	229,335	229,335	-
Library Trust Fund	11,735	11,735	-
Tillson Redevelopment	90,118	-	(90,118)
CIP Fund	10,000	10,000	-
	<u>1,615,329</u>	<u>1,435,157</u>	<u>(180,172)</u>
Total Revenues and Transfers	18,150,120	<u><u>18,434,275</u></u>	<u><u>284,155</u></u>
Beginning Fund Balance Used	<u>221,583</u>		
Total	<u><u>18,371,703</u></u>		

**CITY OF ROCKLAND****GENERAL FUND****STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<i>Encumbered from 2009</i>	
General Government		
Legislative		
Executive	3,000	
Assessment		
Finance		
Legal		
City Clerk		
General		
City Hall		
Community Development	1,106	
Engineering		
	<hr/>	
	4,106	
	<hr/>	
Public Safety		
Police Department		
Fire Department	1,943	
Dispatch		
Lights and Hydrants		
Code Enforcement		
	<hr/>	
	1,943	
	<hr/>	
Public Works		
Public Works	-	
Transfer Station	-	
	<hr/>	
	-	
	<hr/>	
Health and Welfare		
Health		
Welfare		
	<hr/>	
	-	
	<hr/>	
Culture and Recreation		
Public Library		
Harbor and Waterfront		
Municipal Fish Pier		
Recreation		
	<hr/>	
	-	
	<hr/>	

<i>Budget</i>	<i>Actual</i>	<i>Encumbered to 2011</i>	<i>(Over) Under Budget</i>
4,588	4,615		(27)
143,103	140,381		5,722
147,824	138,918		8,906
364,969	426,452		(61,483)
99,237	96,609		2,628
187,058	185,054		2,004
104,195	106,059		(1,864)
41,026	41,044		(18)
131,390	130,934		1,562
25,000	31,186		(6,186)
1,248,390	1,301,252	-	(48,756)
1,847,085	1,758,772		88,313
1,304,874	1,303,565		3,252
150,384	150,384		-
552,848	523,521		29,327
181,516	179,888		1,628
4,036,707	3,916,130	-	122,520
1,602,763	1,575,076		27,687
1,324,322	1,350,297		(25,975)
2,927,085	2,925,373	-	1,712
30,500	30,500		-
26,885	38,030		(11,145)
57,385	68,530	-	(11,145)
554,134	560,250		(6,116)
174,026	153,218		20,808
115,352	134,153		(18,801)
344,535	336,168		8,367
1,188,047	1,183,789	-	4,258

**CITY OF ROCKLAND****GENERAL FUND****STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<i>Encumbered from 2009</i>	
Unclassified		
Fringe Benefits		
Other Unclassified		
TIF Agreements	71,561	
	71,561	
City CIP Bond Issues		
Sewers & Lindsey Brook	115,774	
	115,774	
Debt Service		
TAN Interest		
Principal on Long-Term Debt		
Interest on Long-Term Debt		
Capital Leases		
	-	
Assessments		
School District		
County Tax		
Overlay		
	-	
Operating Transfer Out		
Tillson Redevelopment Reserve		
Transfer Station Capital Equipment Reserve		
Fire Building Reserve		
Cemetery Trust Fund		
Fish Pier Improvements Reserve		
Parks Reserve		
Coast Guard		
Grants	79,479	
	79,479	
<b>Total Appropriations</b>	<b>272,863</b>	

<i>Budget</i>	<i>Actual</i>	<i>Encumbered to 2011</i>	<i>(Over) Under Budget</i>
83,900	73,036		10,864
177,700	163,967		13,733
-	15,158	56,403	-
261,600	252,161	56,403	24,597
		115,774	-
-	-	115,774	-
4,166	987		3,179
558,950	555,734		3,216
177,245	178,065		(820)
411,263	393,282		17,981
1,151,624	1,128,068	-	23,556
6,369,843	6,369,843		-
698,452	698,452		-
214,340	94,892		119,448
7,282,635	7,163,187	-	119,448
90,118	90,118		-
40,000	40,000		-
13,112	13,112		-
75,000	75,000		-
	7,817		(7,817)
	367		(367)
	3,000		(3,000)
	175,293		(95,814)
218,230	404,707	-	(106,998)
<b>18,371,703</b>	<b>18,343,197</b>	<b>172,177</b>	<b>129,192</b>



## GENERAL FUND

STATEMENT OF CHANGES IN UNRESERVED - UNDESIGNATED FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2010

Unreserved - Undesignated Fund Balance July 1, 2009		647,520
Additions		
Budget Summary		
Revenue Surplus (Deficit)(Exhibit A-1)	284,155	
Unexpended Balance of Appropriations (Exhibit A-2)	<u>129,192</u>	
Budget Surplus		<u>413,347</u>
		1,060,867
Deductions		
Beginning Fund Balance Used		<u>(221,583)</u>
Unreserved - Undesignated Fund Balance June 30, 2010		<u><u>839,284</u></u>

**CITY OF ROCKLAND**  
**ALL SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2010**

*Exhibit B-1*

<i>Assets</i>	<i>Reserves</i>	<i>Emergency Medical</i>	<i>Municipal Revenue Sharing</i>	<i>Local Road Assistance</i>	<i>Federal/State Programs (Exhibit B-2)</i>	<i>All Other (Exhibit B-3)</i>	<i>Total</i>
Cash and Equivalents	542,111				1,131	16,372	559,614
Investments	1,657,691	157,250		38,719	92,865	33,629	1,980,154
Receivables (Net of Allowances)							
User Fees		245,517					245,517
Other		25,364			597,406		622,770
Due from Other Governments					339,812		339,812
Due from Other Funds	872,112	1,164	-		125,534	2,819	1,001,629
<b>Total Assets</b>	<b>3,071,914</b>	<b>429,295</b>	<b>-</b>	<b>38,719</b>	<b>1,156,748</b>	<b>52,820</b>	<b>4,749,496</b>
<b><i>Liabilities and Fund Balances</i></b>							
Liabilities							
Accounts Payable		-			352,263		352,263
Deferred Revenue		394					394
Due to Other Funds	626,390	326,051			22,015	15,174	989,630
<b>Total Liabilities</b>	<b>626,390</b>	<b>326,445</b>	<b>-</b>	<b>-</b>	<b>374,278</b>	<b>15,174</b>	<b>1,342,287</b>
Fund Balances							
Reserved for Loans					597,406		597,406
Unreserved							
Designated for Subsequent Years' Expenditures	2,445,524				185,064	30,792	2,661,380
Undesignated		102,850	-	38,719		6,854	148,423
<b>Total Fund Balances</b>	<b>2,445,524</b>	<b>102,850</b>	<b>-</b>	<b>38,719</b>	<b>782,470</b>	<b>37,646</b>	<b>3,407,209</b>
<b>Total Liabilities and Fund Balances</b>	<b>3,071,914</b>	<b>429,295</b>	<b>-</b>	<b>38,719</b>	<b>1,156,748</b>	<b>52,820</b>	<b>4,749,496</b>

**CITY OF ROCKLAND**  
**SPECIAL REVENUE FUNDS - FEDERAL/STATE PROGRAMS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2010**

<i>Assets</i>	<i>Community Business Development</i>	<i>CDBG Home Repair Network Grant</i>	<i>Sandy Beach Project</i>	<i>Recreation Center</i>
Cash		1,131		
Investments	92,865			
Due from Other Governments		302,812		37,000
Loans Receivable	597,406			
Due from Other Funds	57,934	33,320	1,786	
<b>Total Assets</b>	<b>748,205</b>	<b>337,263</b>	<b>1,786</b>	<b>37,000</b>
<i>Liabilities and Fund Balances</i>				
Liabilities				
Accounts Payable		337,263		15,000
Due to Other Funds				21,929
<b>Total Liabilities</b>	<b>-</b>	<b>337,263</b>	<b>-</b>	<b>36,929</b>
Fund Balances				
Reserved for Loans	597,406			
Unreserved				
Designated for Subsequent Years' Expenditures	150,799	-	1,786	71
<b>Total Fund Balances</b>	<b>748,205</b>	<b>-</b>	<b>1,786</b>	<b>71</b>
<b>Total Liabilities and Fund Balances</b>	<b>748,205</b>	<b>337,263</b>	<b>1,786</b>	<b>37,000</b>

<i>CDBG Community Enterprise</i>	<i>Police N.A.D.D.I. Grant</i>	<i>Dept. of Justice Burnes Grant</i>	<i>Small Community Grant Program</i>	<i>Wellness Grant</i>	<i>Green Downtown</i>	<i>Totals</i>
						1,131
						92,865
						339,812
						597,406
	966	1,372	8,150	506	21,500	125,534
-	966	1,372	8,150	506	21,500	1,156,748
						352,263
86						22,015
86						374,278
						597,406
(86)	966	1,372	8,150	506	21,500	185,064
(86)	966	1,372	8,150	506	21,500	782,470
-	966	1,372	8,150	506	21,500	1,156,748

**CITY OF ROCKLAND**  
**SPECIAL REVENUE FUNDS - ALL OTHER**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2010**

<i>Assets</i>	<i>Shore Village Museum</i>	<i>Police DARE</i>	<i>Skateboard Park Project</i>	<i>RCHP Scholarship Trust</i>
Cash and Equivalents			3,846	
Investments	5,013	4,030		20,596
Due from Other Funds				
<b>Total Assets</b>	<b>5,013</b>	<b>4,030</b>	<b>3,846</b>	<b>20,596</b>
 <i>Liabilities and Fund Balances</i>				
Liabilities				
Due to Other Funds		2,189		2,425
Total Liabilities	-	2,189	-	2,425
 <i>Fund Balances</i>				
Fund Balances				
Unreserved				
Designated for Subsequent Years' Expenditures			3,846	18,171
Undesignated	5,013	1,841		
Total Fund Balances	5,013	1,841	3,846	18,171
<b>Total Liabilities and Fund Balances</b>	<b>5,013</b>	<b>4,030</b>	<b>3,846</b>	<b>20,596</b>

<i>Berliawsky Park</i>	<i>Odor Study</i>	<i>Recreation Fund</i>	<i>Coast Guard</i>	<i>Veterans Memorial</i>	<i>Total</i>
		9,206	2,705	615	16,372
3,990					33,629
	2,819				2,819
<u>3,990</u>	<u>2,819</u>	<u>9,206</u>	<u>2,705</u>	<u>615</u>	<u>52,820</u>
		10,560			15,174
-	-	10,560	-	-	15,174
3,990	2,819	(1,354)	2,705	615	30,792
					6,854
<u>3,990</u>	<u>2,819</u>	<u>(1,354)</u>	<u>2,705</u>	<u>615</u>	<u>37,646</u>
<u>3,990</u>	<u>2,819</u>	<u>9,206</u>	<u>2,705</u>	<u>615</u>	<u>52,820</u>

**CITY OF ROCKLAND**  
**ALL SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit B-4**

	<i>Reserves (Exhibit B-8)</i>	<i>Emergency Medical (Exhibit B-7)</i>	<i>Municipal Revenue Sharing</i>	<i>Local Road Assistance</i>	<i>Federal/State Programs (Exhibit B-5)</i>	<i>All Other (Exhibit B-6)</i>	<i>Total</i>
Revenues							
Intergovernmental Revenues			843,067		2,023,774		2,866,841
Charges for Services	12,640	450,310					462,950
Interest	57,417	4,385		1,080	2,590		65,472
Fair Value Increases (Decreases)	42,983	3,666		902	2,165	936	50,652
Other Local Sources	165,596	74,579			715,476	22,304	977,955
<b>Total Revenues</b>	<b>278,636</b>	<b>532,940</b>	<b>843,067</b>	<b>1,982</b>	<b>2,744,005</b>	<b>23,240</b>	<b>4,423,870</b>
Expenditures							
General Government							-
Public Safety	13,205	217,747			33,966	1,715	266,633
Public Works							-
Health & Welfare	3,657						3,657
Cultural & Recreation	9,822				709,435		719,257
Professional Services							-
Capital Improvement					1,761,127		1,761,127
Other	98,607					22,985	121,592
<b>Total Expenditures</b>	<b>125,291</b>	<b>217,747</b>	<b>-</b>	<b>-</b>	<b>2,504,528</b>	<b>24,700</b>	<b>2,872,266</b>
Excess of Revenues Over (Under) Expenditures	153,345	315,193	843,067	1,982	239,477	(1,460)	1,551,604
Other Financing Sources (Uses)							
Transfers from Other Funds	301,414				340,953	4,000	646,367
Transfers to Other Funds	(175,453)	(285,515)	(1,184,087)		(400)	(11,206)	(1,656,661)
<b>Total Other Financing Sources (Uses)</b>	<b>125,961</b>	<b>(285,515)</b>	<b>(1,184,087)</b>	<b>-</b>	<b>340,553</b>	<b>(7,206)</b>	<b>(1,010,294)</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	279,306	29,678	(341,020)	1,982	580,030	(8,666)	541,310
Fund Balance - July 1	2,166,218	73,172	341,020	36,737	202,440	46,312	2,865,899
<b>Fund Balance - June 30</b>	<b>2,445,524</b>	<b>102,850</b>	<b>-</b>	<b>38,719</b>	<b>782,470</b>	<b>37,646</b>	<b>3,407,209</b>

**CITY OF ROCKLAND**  
**SPECIAL REVENUE FUNDS - FEDERAL/STATE GRANT PROGRAMS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit B-5**  
**Page 1 of 2**

	<b>Community Business Development</b>	<b>CDBG Public Service</b>	<b>2009 CDBG Home Repair Network Grant</b>	<b>2008 CDBG Home Repair Network Grant</b>	<b>2007 CDBG Home Repair Network Grant</b>	<b>Community Planning Grant</b>	<b>Sandy Beach Project</b>
Revenues							
Microloan Payments	592,167						
Intergovernmental Revenues		4,719	891,808	629,976	23,401	10,000	82,990
Interest	2,590						
Fair Value Increases(Decreases)	2,165						
Local Sources							64,058
<b>Total Revenues</b>	<b>596,922</b>	<b>4,719</b>	<b>891,808</b>	<b>629,976</b>	<b>23,401</b>	<b>10,000</b>	<b>147,048</b>
Expenditures							
New Loans							
Administration	2,736						
Professional Services							
Contractors	6,480	4,719				18,447	145,262
Capital Improvement			891,808	667,164	23,401		
Equipment							
Other							
<b>Total Expenditures</b>	<b>9,216</b>	<b>4,719</b>	<b>891,808</b>	<b>667,164</b>	<b>23,401</b>	<b>18,447</b>	<b>145,262</b>
Excess of Revenues Over (Under) Expenditures	587,706	-	-	(37,188)	-	(8,447)	1,786
Other Financing Sources (Uses)							
Transfers from Other Funds						8,447	
Transfers to Other Funds							
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,447</b>	<b>-</b>
Excess of Revenues and Other Sources Over (Under)							
Expenditures and Other Uses	587,706	-	-	(37,188)	-	-	1,786
Fund Balance - July 1	160,499	-	-	37,188	-	-	-
<b>Fund Balance - June 30</b>	<b>748,205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,786</b>



**CITY OF ROCKLAND**  
**SPECIAL REVENUE FUNDS - FEDERAL/STATE GRANT PROGRAMS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit B-5**  
**Page 2 of 2**

	<i>Recreation Center</i>	<i>CDBG Downtown Tree Planting</i>	<i>CDBG Community Enterprise</i>	<i>Police N.A.D.D.I. Grant</i>	<i>Dept. of Justice Burnes Grant</i>	<i>Small Community Grant Program</i>	<i>Wellness Grant</i>	<i>Green Downtown</i>	<i>Total</i>
Revenues									
Microloan Payments									592,167
Intergovernmental Revenues	350,000	937			29,943				2,023,774
Interest									2,590
Fair Value Increases(Decreases)									2,165
Local Sources	32,000				2,501	8,250		16,500	123,309
<b>Total Revenues</b>	<b>382,000</b>	<b>937</b>	<b>-</b>	<b>-</b>	<b>32,444</b>	<b>8,250</b>	<b>-</b>	<b>16,500</b>	<b>2,744,005</b>
Expenditures									
New Loans									-
Administration									2,736
Professional Services					23,618				23,618
Contractors	502,935	937	173	2,894	7,454				689,301
Capital Improvement	206,500								1,788,873
Equipment									-
Other									-
<b>Total Expenditures</b>	<b>709,435</b>	<b>937</b>	<b>173</b>	<b>2,894</b>	<b>31,072</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,504,528</b>
Excess of Revenues Over (Under) Expenditures	(327,435)	-	(173)	(2,894)	1,372	8,250	-	16,500	239,477
Other Financing Sources (Uses)									
Transfers from Other Funds	327,506							5,000	340,953
Transfers to Other Funds				(400)					(400)
<b>Total Other Financing Sources (Uses)</b>	<b>327,506</b>	<b>-</b>	<b>-</b>	<b>(400)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>340,553</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	71	-	(173)	(3,294)	1,372	8,250	-	21,500	580,030
Fund Balance - July 1	-	-	87	4,260	-	(100)	506	-	202,440
<b>Fund Balance - June 30</b>	<b>71</b>	<b>-</b>	<b>(86)</b>	<b>966</b>	<b>1,372</b>	<b>8,150</b>	<b>506</b>	<b>21,500</b>	<b>782,470</b>

**CITY OF ROCKLAND**  
**SPECIAL REVENUE FUNDS - ALL OTHER**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit B-6*

	<i>Shore Village Museum</i>	<i>Police DARE</i>	<i>Skateboard Park Project</i>	<i>RCHP Scholarship Trust</i>	<i>Berliawsky Park</i>	<i>Odor Study</i>	<i>Recreation Fund</i>	<i>Coast Guard</i>	<i>Veterans Memorial</i>	<i>Total</i>
Revenues										
Intergovernmental Revenues										-
Other Local Sources		2,350		75				8,394	10,577	21,396
Interest	140	112	6	527	102			11	10	908
Fair Value Increases (Decreases)	117	94		607	118					936
Total Revenues	257	2,556	6	1,209	220	-	-	8,405	10,587	23,240
Expenditures										
Public Safety Programs		1,715								1,715
Repairs and Maintenance			283						9,972	10,255
Scholarships				750						750
Supplies/Materials	100						1,314	10,566		11,980
Professional Services										-
Total Expenditures	100	1,715	283	750	-	-	1,314	10,566	9,972	24,700
Excess of Revenues Over (Under) Expenditures	157	841	(277)	459	220	-	(1,314)	(2,161)	615	(1,460)
Other Financing Sources (Uses)										
Transfer from Other Funds		1,000						3,000		4,000
Transfer to Other Funds							(11,206)			(11,206)
Total Other Financing Sources (Uses)	-	1,000	-	-	-	-	(11,206)	3,000	-	(7,206)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	157	1,841	(277)	459	220	-	(12,520)	839	615	(8,666)
Fund Balance (Deficit) - July 1	4,856	-	4,123	17,712	3,770	2,819	11,166	1,866	-	46,312
Fund Balance - June 30	5,013	1,841	3,846	18,171	3,990	2,819	(1,354)	2,705	615	37,646

## EMERGENCY MEDICAL FUND

## STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
User Fees	400,000	343,177	(56,823)
Owls Head EMS Service	65,408	65,408	-
Aid to Outside Towns	52,224	41,725	(10,499)
Interest		4,385	4,385
Change in Fair Value		3,666	3,666
Donations	300	-	(300)
State Reimbursement		74,156	74,156
All Other	200	423	223
	<u>518,132</u>	<u>532,940</u>	<u>14,808</u>
Total Revenues			
Expenditures			
Personal Services	120,595	116,233	4,362
Contracted Services	74,433	67,108	7,325
Commodities	32,589	27,739	4,850
Capital Outlay	5,000	6,667	(1,667)
	<u>232,617</u>	<u>217,747</u>	<u>14,870</u>
Total Expenditures			
Excess of Revenues Over (Under)			
Expenditures	<u>285,515</u>	<u>315,193</u>	<u>29,678</u>
Other Financing Sources (Uses)			
Transfers to Other Funds	(285,515)	(285,515)	-
Use of Surplus	-	-	-
	<u>(285,515)</u>	<u>(285,515)</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Excess of Revenues and Other			
Sources Over (Under) Expenditures	<u>-</u>	<u>29,678</u>	<u>29,678</u>
Fund Balance - July 1		<u>73,172</u>	
Fund Balance - June 30		<u><u>102,850</u></u>	

**CITY OF ROCKLAND**  
**RESERVE FUNDS**  
**STATEMENT OF ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit B-8**

<i>Reserve Fund</i>	<i>Fund Balance July 1</i>	<i>New Funds</i>	<i>Transfers From (To) Other Funds</i>	<i>Interest/ Dividends</i>	<i>Increase (Decrease) In Fair Value</i>	<i>Expenditures</i>	<i>Fund Balance June 30</i>
Sewer Depreciation	157,836			348	290		158,474
Sewer Equipment	-			42	35		77
Sewer Debt Service	-			9,741	8,142		17,883
Samoset/Glen Cove I & I	3,751			110	92		3,953
Samoset Debt Service	(47)			(2)	(1)		(50)
Johnson Park	748			22	18		788
Custom House Parking Lot	131,254	12,640		3,714	2,937		150,545
Police Forfeiture	42,109	2,893	(600)	1,107	772	(9,445)	36,836
Industrial Park Land Sales	73,929			2,130	1,731		77,790
City Land Sales	268,228	95,276	(169,548)	4,799	403	(11,157)	188,001
Parks	14,051		367	320	258		14,996
Merritt Park Playground	12,818			1,088	1,466	(9,822)	5,550
Fish Pier Maintenance	2,769			81	68		2,918
Fish Pier Improvements	74,979		7,816	1,488	1,342		85,625
Police Trading Cards	1,477	608		44	36		2,165
Audio Visual Reserve	4,357			175	147		4,679
Ground Cover Reserve	15,227			448	374		16,049
Recreation Reserve	2,451		(2,344)	72	61		240
Pumping/Chemicals Reserve	-			166	139		305
Sewer Rate Stabilization Reserve	279,173		60,000	4,972	4,156		348,301
Sewer Renewal and Replacement Reserve	494,976		90,000	9,551	7,984		602,511
Civil War Artifacts Reserve	17,346			503	420		18,269
Emergency Medical Reserve	16,860			496	414		17,770
Skatepark Helmet Reserve	1,193			35	30		1,258
Traffic Improvements Reserve	33,125			974	814		34,913
Landfill Closure Reserve	276,147			7,583	5,716		289,446
Ladder Truck Reserve	11,794			363	324		12,481
Landfill Perpetual Care Reserve	60,840			1,788	1,495		64,123
Sewer CIP Reserve	-			3,331	2,784		6,115
Fuel Assistance Reserve	23,833	3,970		559	303	(3,657)	25,008
Fire Department Building Reserve	21,040	500	13,112	394	67	(3,760)	31,353
Transfer Station Capital Equipment Reserve	52,000	62,349	40,000	975	166		155,490
TIF Tillson Redevelopment Reserve	48,570		87,158			(87,450)	48,278
Police Reserve	23,384						23,384
<b>Total</b>	<b>2,166,218</b>	<b>178,236</b>	<b>125,961</b>	<b>57,417</b>	<b>42,983</b>	<b>(125,291)</b>	<b>2,445,524</b>

**CITY OF ROCKLAND**  
**ALL CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2010**

**Exhibit C-1**

<i>Assets</i>	<i>Pump Station/CSO Project</i>	<i>Capital Improvements Program</i>	<i>Total</i>
Investments		37,725	37,725
Due from Other Funds	206,002	1,020,464	1,226,466
<b>Total Assets</b>	<b>206,002</b>	<b>1,058,189</b>	<b>1,264,191</b>
<i>Liabilities and Fund Balances</i>			
Liabilities			
Accounts Payable		50,943	50,943
Due to Other Funds		-	-
<b>Total Liabilities</b>	<b>-</b>	<b>50,943</b>	<b>50,943</b>
Fund Balances			
Unreserved			
Designated for Subsequent Years' Expenditures	206,002	997,779	1,203,781
Undesignated		9,467	9,467
<b>Total Fund Balances</b>	<b>206,002</b>	<b>1,007,246</b>	<b>1,213,248</b>
<b>Total Liabilities and Fund Balances</b>	<b>206,002</b>	<b>1,058,189</b>	<b>1,264,191</b>

**CITY OF ROCKLAND**  
**ALL CAPITAL PROJECT FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit C-2**

	<i>Pump Station/CSO Project</i>	<i>Capital Improvements Program</i>	<i>Total</i>
Revenues			
Intergovernmental Revenue			-
Local Sources			-
Change in Fair Value		879	879
Interest		1,052	1,052
Total Revenues	-	1,931	1,931
Expenditures			
Capital Outlay		222,448	222,448
Equipment		338,296	338,296
Other		500	500
Total Expenditures	-	561,244	561,244
Excess of Revenues Over (Under)			
Expenditures	-	(559,313)	(559,313)
Other Financing Sources (Uses)			
Bond Proceeds		722,900	722,900
Capital Lease Proceeds		249,788	249,788
Transfers from Other Funds		76,579	76,579
Transfers to Other Funds		(10,000)	(10,000)
Total Other Financing Sources (Uses)	-	1,039,267	1,039,267
Excess of Revenues and Other Sources Over (Under)			
Expenditures and Other Uses	-	479,954	479,954
Fund Balance - July 1	206,002	527,292	733,294
Fund Balance - June 30	206,002	1,007,246	1,213,248

**CITY OF ROCKLAND**  
**CAPITAL IMPROVEMENTS FUND**  
**SCHEDULE OF ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Exhibit C-3

	Balance July 1	Transfers	Revenues	Bond/Lease Proceeds	Total Available	Expenditures	Transfer From(To) Unreserved	Balance June 30
<i>City Projects</i>								
Road Construction	24,798				24,798	(10,000)		14,798
Drainage Projects	1,597				1,597			1,597
Lindsey Brook Rehab	301,777				301,777	(23,600)		278,177
Roads and Sidewalks	4,327				4,327			4,327
Recycling Facility Improvement	10,090				10,090			10,090
EM Generator	-			55,000	55,000	(2,688)		52,312
EMS Utility Vehicle	110,382	56,180	1,931		168,493	(139,884)		28,609
Sign Van	8,000				8,000			8,000
Monitoring Well Landfill	12,000				12,000		(3,324)	8,676
Fire/EMS Command Vehicle	2,840				2,840	(2,431)		409
Fire Department Bucket Truck	-			30,000	30,000	(29,000)		1,000
FD Fire Hose Upgrade/Replacement	4,800				4,800	(2,571)		2,229
Harbor & Waterfront Wreck Removal	-			15,000	15,000			15,000
Solid Waste Gas Collection System	-			81,000	81,000	(46,184)		34,816
Solid Waste 80 yard Trailer	-			55,350	55,350	(55,350)		-
Solid Waste Extraction Well & Monitoring Wells	28,212				28,212	(31,531)	3,319	-
Fire Rescue Pumper	1,019				1,019			1,019
Police Upgrade Radar Units	769				769			769
Police Computer Upgrade	-			17,000	17,000	(17,005)	5	-
PW 3/4 Ton Pickup with Plow	-			25,991	25,991	(25,991)		-
PW Facility	-	20,399			20,399	(2,499)		17,900
PW 1 Ton Dump Truck	-			49,191	49,191	(49,191)		-
PW Reline Sewer Upper Pleasant	-			160,000	160,000	(86,923)		73,077
PW Side Mower	-			16,756	16,756	(16,756)		-
PW Culvert Near Dominos	-			50,000	50,000	(219)		49,781
PW Replace 12" Drain Park Street	-			25,000	25,000	(110)		24,890
PW Replace Thomaston Meadow Rd. Bridge	-			60,000	60,000	(263)		59,737
PW Replace Thomaston St. Marsh Brook Culvert	-			25,000	25,000	(110)		24,890
PW Sewer Maverick Street	-			288,500	288,500	(1,764)		286,736
PW Sewer Brewster Street	-				-	(553)		(553)
PW Sewer Rankin Street	-				-	(219)		(219)
PW Sewer Park St./Grack St. Interceptor	-				-	(5,039)		(5,039)
PW Sewer Union Street	-				-	(474)		(474)
PW Sewer Autumn Street	-				-	(856)		(856)
PW Lovejoy Street	-				-	(623)		(623)
PW Clarendon Street	-				-	(518)		(518)
PW Rankin St. Storm Water Separation	-				-	(742)		(742)
Library Roof Replacement	-			18,900	18,900	(18,150)		750
Municipal Fish Pier Underground Elec.	7,214				7,214			7,214
City Designated Balances	517,825	76,579		972,688	1,569,023	(571,244)	-	997,779
Total Designated Balances	517,825	76,579		972,688	1,569,023	(571,244)	-	997,779
Unreserved - Undesignated	9,467				9,467			9,467
Total CIP	527,292	76,579		972,688	1,578,490	(571,244)	-	1,007,246

**CITY OF ROCKLAND**  
**PERMANENT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2010**

<i>Assets</i>	<i>Cemetery</i>	<i>Haines Charity</i>
Cash	20,839	145,297
Investments	291,737	112,891
Due From Other Funds		
Loans Receivable		8,315
<b>Total Assets</b>	<b>312,576</b>	<b>266,503</b>
<i>Liabilities and Fund Balances</i>		
Liabilities		
Due to Other Funds	121,923	6,381
Total Liabilities	121,923	6,381
Fund Balances (Deficit)		
Reserved for Endowments	88,131	57,581
Reserved for Loans		8,315
Unreserved		
Undesignated	102,522	194,226
Total Fund Balances	190,653	260,122
<b>Total Liabilities and Fund Balances</b>	<b>312,576</b>	<b>266,503</b>



*Exhibit D-1*

<i>Keywood Library</i>	<i>Leach Library</i>	<i>All Other (Exhibit D-4)</i>	<i>Total</i>
			166,136
91,800	66,261	31,009	593,698
			-
			8,315
<b>91,800</b>	<b>66,261</b>	<b>31,009</b>	<b>768,149</b>
		-	128,304
-	-	-	128,304
91,230	50,000	17,800	304,742
			8,315
570	16,261	13,209	326,788
91,800	66,261	31,009	639,845
<b>91,800</b>	<b>66,261</b>	<b>31,009</b>	<b>768,149</b>

**CITY OF ROCKLAND**  
**PERMANENT FUNDS**  
**COMBINING BALANCE SHEET -ALL OTHER**  
**JUNE 30, 2010**

<i>Assets</i>	<i>Cleveland/ Bostick Library</i>	
Investments	11,191	
Due from Other Funds		
Loans Receivable		
<b>Total Assets</b>	<b>11,191</b>	
 <i>Liabilities and Fund Balances</i>		
Liabilities		
Due to Other Funds		
<b>Total Liabilities</b>	<b>-</b>	
Fund Balances		
Reserved for Endowments	10,000	
Reserved for Loans		
Unreserved		
Undesignated	1,191	
<b>Total Fund Balances</b>	<b>11,191</b>	
<b>Total Liabilities and Fund Balances</b>	<b>11,191</b>	

*Exhibit D-2*

<i>Flower</i>	<i>Monroe Highway</i>	<i>Other Library</i>	<i>Total</i>
6,542	5,315	7,961	31,009
<u>6,542</u>	<u>5,315</u>	<u>7,961</u>	<u>31,009</u>
			-
		-	-
1,000	200	6,600	17,800
<u>5,542</u>	<u>5,115</u>	<u>1,361</u>	<u>13,209</u>
<u>6,542</u>	<u>5,315</u>	<u>7,961</u>	<u>31,009</u>
<u>6,542</u>	<u>5,315</u>	<u>7,961</u>	<u>31,009</u>

**CITY OF ROCKLAND**  
**PERMANENT FUNDS**  
**STATEMENT OF ACTIVITY - ALL PERMANENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Cemetery</u>	<u>Haines Charity</u>
Revenues		
Local Sources		1,710
Investment Income	6,814	6,617
Fair Value Increases (Decreases)	<u>7,772</u>	<u>7,607</u>
Total Revenues	<u>14,586</u>	<u>15,934</u>
Expenditures		
Charity		857
Cemetery Care		
Total Expenditures	<u>-</u>	<u>857</u>
Excess of Revenues Over (Under) Expenditures	<u>14,586</u>	<u>15,077</u>
Other Financing Sources (Uses)		
Transfer From Other Funds	75,000	
Transfer to Other Funds		
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	89,586	15,077
Fund Balance - July 1	<u>101,067</u>	<u>245,045</u>
Fund Balance - June 30	<u><u>190,653</u></u>	<u><u>260,122</u></u>

*Exhibit D-3*

<i>Keyword Library</i>	<i>Leach Library</i>	<i>All Other (Exhibit D-4)</i>	<i>Total</i>
			1,710
2,559	1,717	821	18,528
3,171	1,994	975	21,519
5,730	3,711	1,796	41,757
			857
			-
			857
5,730	3,711	1,796	40,900
			75,000
(9,031)	(1,066)	(1,638)	(11,735)
(9,031)	(1,066)	(1,638)	63,265
(3,301)	2,645	158	104,165
95,101	63,616	30,851	535,680
91,800	66,261	31,009	639,845

**CITY OF ROCKLAND**  
**PERMANENT FUNDS**  
**STATEMENT OF ACTIVITY - ALL OTHER**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<i>Cleveland/ Bostick Library</i>	
Revenues		
Investment Income	299	
Fair Value Increases (Decreases)	358	
Total Revenues	657	
Expenditures		
Abatements		
Cemetery Care		
Total Expenditures		
Excess of Revenues Over (Under)		
Expenditures	657	
Other Financing Sources (Uses)		
Transfer to Other Funds	(1,018)	
Total Other Financing		
Sources (Uses)	(1,018)	
Excess of Revenues and Other		
Sources Over (Under)		
Expenditures and Other Uses	(361)	
Fund Balance - July 1	11,552	
Fund Balance - June 30	11,191	

*Exhibit D-4*

<i>Flower</i>	<i>Monroe Highway</i>	<i>Other Library</i>	<i>Total</i>
168	136	218	821
193	157	267	975
361	293	485	1,796
			-
			-
			-
361	293	485	1,796
		(620)	(1,638)
		(620)	(1,638)
361	293	(135)	158
6,181	5,022	8,096	30,851
6,542	5,315	7,961	31,009

## CITY OF ROCKLAND

Exhibit E-1

## WASTEWATER ENTERPRISE CAPITAL IMPROVEMENTS

## SCHEDULE OF ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2010

	<i>Balance</i>			<i>Total</i>		<i>Transfer</i>	
	<i>July 1</i>	<i>Transfers</i>	<i>Revenues</i>	<i>Available</i>	<i>Expenditures</i>	<i>From(To)</i>	<i>Balance</i>
						<i>Unreserved</i>	<i>June 30</i>
<i>Wastewater Projects</i>							
WWTP Lifting Hook - Drum	4,880			4,880			4,880
Rehab Sea Pro Pump Station	50,000			50,000			50,000
Sand & Paint Clarifier	25,000			25,000			25,000
Resinous Floor Coat	30,000			30,000			30,000
Enlarge Door GBT Room	8,000			8,000			8,000
WWTP Reline Sewer Pipe	55,500			55,500			55,500
WWTP 50% Aeration Cover	34,217			34,217	(387)		33,830
Wastewater Designated Balances	629,869	-	-	207,597	(387)	-	207,210



***REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

March 30, 2011

Members of the City Council  
City of Rockland  
Rockland, ME 04841

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockland, Maine as of and for the year ended June 30, 2010, which collectively comprise the City of Rockland, Maine's basic financial statements and have issued our report thereon dated March 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City of Rockland, Maine's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rockland, Maine's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Rockland, Maine's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Rockland, Maine's financial statements that is more than inconsequential will not be prevented or detected by the City of Rockland, Maine's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting: 2010-1 through 2010-6.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Rockland, Maine's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider 2010-1 through 2010-6 to be material weaknesses.

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Rockland, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

*James W. Wadman, CPA*

James W. Wadman, CPA

***REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133***

March 30, 2011

Members of the City Council  
City of Rockland  
Rockland, ME 04841

***Compliance***

We have audited the compliance of the City of Rockland, Maine with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The City of Rockland, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Rockland, Maine's management. Our responsibility is to express an opinion on the City of Rockland, Maine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Audits Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Rockland, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Rockland, Maine's compliance with those requirements.

In our opinion the City of Rockland, Maine complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

***Internal Control Over Compliance***

The management of the City of Rockland, Maine is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Rockland, Maine's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Rockland, Maine's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

*James W. Wadman, CPA*

James W. Wadman, CPA

***SCHEDULE I***  
***CITY OF ROCKLAND***  
***Summary Schedule of Prior Audit Findings***  
***For the Year Ended June 30, 2010***

***Auditor's  
Reference  
Number***

NONE

**SCHEDULE II**  
**CITY OF ROCKLAND, MAINE**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2010**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of Rockland.
2. Reportable conditions relating to the audit of the financial statements are reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Rockland were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the City of Rockland expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this schedule.
7. The programs tested as major programs include:

CDBG Grants CFDA #14.228
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Rockland was not determined to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**2010-01 RECONCILIATION OF ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE**

Reconciliations were attempted for several months, however they were not finished until after year end. Failure to reconcile the general ledger allows errors to go undetected and results in inaccurate and incomplete financial records. The reconciliations identified variances in the general ledger; however, steps were not taken to reconcile to the subsidiary ledgers and make entries necessary and were not completed in a timely manner.

We recommend that management monitor the monthly reconciliations to ensure that they are completed in a timely manner and that the general ledger accounts agree with the subsidiary ledgers.

**2010-02 RECONCILIATION OF GRANT FUNDS**

The City has established separate funds to account for grants. The administration of the grants is run by the community development office of the city. There are various forms of funding for most grants obtained. Reconciliation of the accounting records to the grant documents and project funding was attempted, however was not completed at year end. The reconciliation was completed

by the auditor. The general ledger, revenue and expense reports should be reconciled monthly to each grant document and budgeted funding source in order to assure accurate reporting and proper adherence to grant/budget requirements. This should be reviewed by the community development office who obtains the funding. We recommend that management monitor the progress of these reconciliations to assure they are completed on a monthly basis and reviewed.

#### **2010-03 DRAW DOWN OF GRANT FUND EXCEEDED EXPENDITURES**

The administration of the grants is done by the community development office. Because the monthly reconciliations were not done accurately or timely, the community development office drew down \$35,564 too much for the 2009 CDBG Home Repair Network and \$12,000 too much for the 2008 CDBG Home Repair Network. The money remains in the general fund checking account and interest bearing sweep account. This will be corrected in future requests. We again recommend that the grants be reconciled monthly and monitored to prevent future errors.

#### **2010-04 MICRO LOAN AND CDBG LOANS**

The micro loan and CDBG loans have not been reconciled with the accounts receivable and with the community development office records. The spreadsheets contained formula errors, had incorrect amounts and was missing several grants. A total of \$570,261.86 in grants loaned had been omitted. The auditor spent additional time correcting the spreadsheet and accounting for the omitted loans. We recommend that the loans be reconciled monthly with accounts receivable and the spreadsheet be reviewed by management.

#### **2010-05 WASTEWATER PROJECT ACTIVITY NOT POSTED TO THE GENERAL LEDGER**

The wastewater project revenues and expenditures were not posted to the general ledger. There was a separate checking account set up for the project for the construction invoices to be paid and bond proceeds to be deposited. Invoices totaling \$781,104.02 were paid but not recorded in the system. The finance director has plans to begin recording these revenues and expenditures on the general ledger. We recommend all receipts and disbursements be recorded and follow city procedures for receipts and disbursements.

#### **2010-06 FINANCIAL STATEMENT PREPARATION**

Based on recently implemented auditing standards, inadequate design of internal control over the preparation of the financial statements being audited is deemed to be a material weakness in the internal control structure. Due to financial and time constraints to effectively prepare and evaluate the audited financial statements and detect material misstatements in those financial statements, the board and management approved the auditors to prepare the financial statements. The board and management understand and take responsibility for the financial statements.

### ***C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT***

NONE

CITY OF ROCKLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE III

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Agency or Pass-through Number</i>	<i>Program or Award Amount</i>	<i>Accrued or (Deferred) Revenue at July 1</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>Accrued or (Deferred) Revenue at June 30</i>
U.S. Department of Housing and Urban Development							
Passed Through State Department of Economic and Community Development							
Community Planning Grant	14.228	015-19A-05870126331	10,000		10,000	(10,000)	-
2009 Home Repair Network Program	14.228	015-19A-05870126331	1,051,500		891,808	(891,808)	-
2008 Home Repair Network Program	14.228	015-19A-05870126631	1,552,500	37,188	629,976	(667,164)	-
2007 Home Repair Network Program	14.228	015-19A-05870126631	1,050,000		23,401	(23,401)	-
CDBG Recreation Center Phase II	14.228	015-19A-05870126631	350,000		350,000	(350,000)	-
CDBG Public Service	14.228	015-19A-05870126631	30,000		4,719	(4,719)	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>4,044,080</b>	<b>37,188</b>	<b>1,909,904</b>	<b>(1,947,092)</b>	<b>-</b>
U.S. Department of Transportation							
Passed Through State Department of Transportation							
2009 HV Seat Belt Enforcement	20.600	013-16A-304D0126401	2,000		36	(36)	-
2009 Speed Enforcement Grant	20.600	013-16A-304D0126401	4,919		2,616	(2,616)	-
2009 Holiday Enforcement	20.600	013-16A-308A0126401	5,103		3,399	(3,399)	-
<b>Total U.S. Department of Transportation</b>			<b>12,022</b>	<b>-</b>	<b>6,051</b>	<b>(6,051)</b>	<b>-</b>
U.S. Department of Agriculture							
Passed Through State Department of Conservation							
Project Canopy Assistance Program	10.675	---	4,937		937	(937)	-
<b>Total U.S. Department of Agriculture</b>			<b>4,937</b>	<b>-</b>	<b>937</b>	<b>(937)</b>	<b>-</b>
U.S. Department of Justice							
Consolidation of Equipment and Services	16.804	---	39,491		29,943	(29,943)	-
<b>Total U.S. Department of Justice</b>			<b>39,491</b>	<b>-</b>	<b>29,943</b>	<b>(29,943)</b>	<b>-</b>
U.S. Department of Homeland Security							
Passed Through State Department of Defense, Veterans and Emergency Management							
Federal Emergency Management Funds	97.036	---	42,678		42,678	(42,678)	-
<b>Total U.S. Department of Homeland Security</b>			<b>42,678</b>	<b>-</b>	<b>42,678</b>	<b>(42,678)</b>	<b>-</b>
<b>Total</b>			<b>4,143,128</b>	<b>37,188</b>	<b>1,989,513</b>	<b>(2,026,701)</b>	<b>-</b>



***CITY OF ROCKLAND***

***NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010***

***NOTE A – SIGNIFICANT ACCOUNTING POLICIES***

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting whereby transactions are presented in the same way as they are included in the financial statements of the City of Rockland, Maine in accordance with generally accepted accounting principles.